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CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

October Term, 1946.

No. 504.

JAMES MARR, Doing Business as MARR DUPLICATOR COMPANY,

Petitioner,

AGAINST

A. B. DICK COMPANY,

Respondent.

Motion by James Marr, Doing Business as Marr Duplicator Company, for Clarification or Modification of Order and Mandate of This Court.

EDWARD D. BOLTON,
Counsel for Petitioner.

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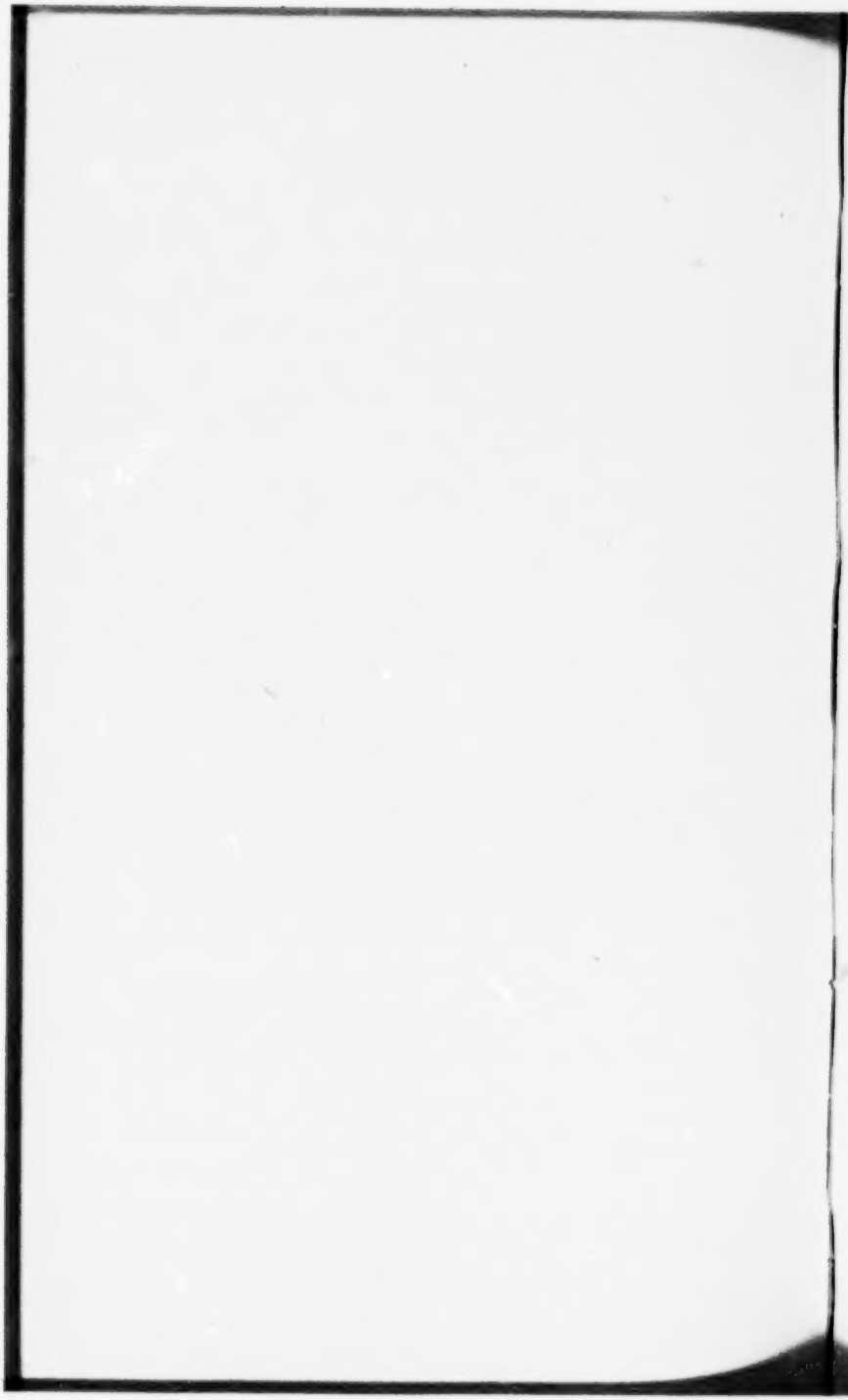

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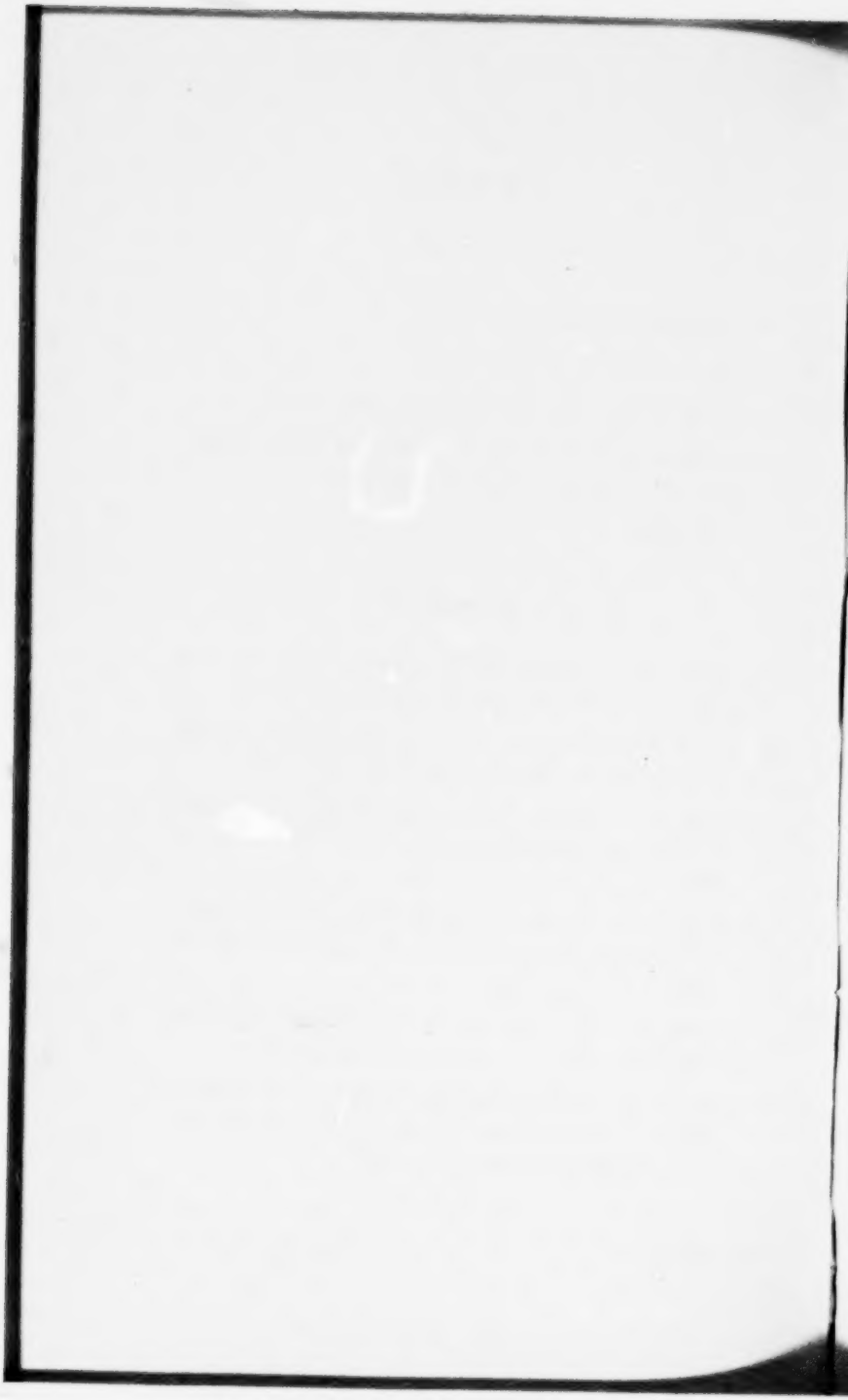

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 504.

JAMES MARR, Doing Business as MARR DUPLICATOR COMPANY,
Petitioner,

AGAINST

A. B. DICK COMPANY,
Respondent.

Motion by Petitioner for Clarification or Modification.

Now comes JAMES MARR, doing business as MARR DUPLICATOR COMPANY, the petitioner in the above entitled cause, and respectfully moves this Court for an order clarifying or modifying the order of this Court, dated and entered the 12th day of November, 1946, No. 504—October Term—1946, and the mandate issued thereon dated the 20th day of December, 1946.

I.

Reasons for Motion.

This motion is submitted because:

A. Petitioner is uncertain as to the meaning of the decision and mandate of this Court with respect to the statement in the order of the Court—"the petition for writ of certiorari is granted",—and more particularly:

(1) Whether the appeal to this Court has been allowed on the merits, but that the docketing and argument of the case is to be held in abeyance until the determination of the question raised by the Solicitor-General of the United States as to "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," and

(2) Whether consideration of the issues raised by the writ of certiorari have been deferred until the determination of the aforesaid question raised by the Solicitor-General.

B. Petitioner is uncertain as to whether this Court, in remanding this case to the Circuit Court of Appeals for consideration of the issues and by vacating the judgment of the Circuit Court of Appeals, intended that upon the remanding of said issues by the Circuit Court of Appeals to the District Court, the said Circuit Court of Appeals was in turn to vacate the judgment of the District Court.

C. The Circuit Court of Appeals has interpreted the order and mandate of this Court in a manner which imperils petitioner's rights in this case.

II.

Introductory Statement.

The above suit was instituted by the respondent in the United States District Court for the Southern District of New York for alleged infringement of U. S. Patent Number 1,526,982. Judgment was entered in favor of the respondent representing alleged profits of the petitioner through infringement and was affirmed by the Circuit Court of Appeals for the Second Circuit. A petition for a writ of certiorari was thereafter filed with this Court.

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While the petition was pending and before this Court had rendered any decision on its merits, the Solicitor-General of the United States filed a brief as *amicus curiae*, directing the attention of this Court to an indictment returned against the respondent in the Northern District of Ohio, Eastern Division. The Solicitor-General asserted that certain allegations in the indictment raised the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," and urged that the allegations, if established, would constitute a fraud upon the courts.

III.

The Order and Mandate of This Court.

On November 12, 1946, this Court entered an order in which it granted the petition for writ of certiorari, vacated the judgment of the Circuit Court of Appeals for the Second Circuit and remanded the cause to the said Circuit Court of Appeals for consideration by that court of the question raised by the Solicitor-General in his memorandum as *amicus curiae*, "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts." No disposition upon the merits appears to have been made of the issues raised in the petition for writ of certiorari, although this Court in the *per curiam* order stated—"The petition for writ of certiorari is granted."

A mandate was issued on the order on December 20, 1946, ordering and adjudging that the judgment of the said United States Circuit Court of Appeals be vacated and further ordering that the cause be remanded to said Circuit Court of Appeals for consideration of the question raised by the Solicitor-General of the United States in his memorandum as *amicus curiae*, and that such proceedings be had in such cause in conformity with the judgment of this Court, the said writ of certiorari notwith-

standing. A copy of the order is hereto attached, marked "Exhibit A", and a copy of the mandate of this Court, issued pursuant thereto, is hereto attached, marked "Exhibit B."

The language of the order of this Court and the mandate issued thereon stating that "the petition for writ of certiorari is granted" permits of the interpretation (a) that the appeal to this Court has been allowed on the merits, but that the docketing of the case and filing of the record thereof with the Clerk of this Court is to be held in abeyance until the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts" has been considered and passed on by the lower court, or (b) that this Court, in granting the petition for writ of certiorari and ordering the Circuit Court of Appeals to vacate its judgment and consider the question raised by the Solicitor-General, has deferred consideration of the questions specifically brought forward by the writ of certiorari, and has preserved the right of the petitioner to be heard on the issues raised in his petition, pending the consideration and determination by the lower court of the question raised by the Solicitor-General "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts."

In either event, we do not believe that this Court in granting the petition for certiorari intended that its decision should be so construed as to deprive the petitioner of the jurisdiction of this Court and of the right to be heard on the issues raised in the petition for writ of certiorari.

IV.

Construction of the mandate of this court by the Circuit Court of Appeals.

After receipt of the mandate of this Court the Circuit Court of Appeals entered an order on December 31, 1946, and issued a mandate pursuant thereto in which it vacated

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its decision and judgment and remanded the cause to the District Court for consideration of the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts." A copy of the order of the Circuit Court of Appeals is hereto annexed, marked "Exhibit C," and a copy of its mandate is annexed, marked "Exhibit D".

The Circuit Court of Appeals, however, did not take any action with respect to the judgment of the District Court. The failure of the Circuit Court of Appeals, to take some action, whether by vacating the District Court judgment or otherwise, to preserve petitioner's rights of appeal, caused counsel for petitioner to make inquiry at the office of the Clerk of the Supreme Court of the United States relative to the status of his petition for writ of certiorari. He was advised that the issues raised in the petition had not been considered on their merits and, furthermore, it was not believed that the Court had retained jurisdiction of the application for the writ. In the course of this inquiry it was suggested to counsel for the petitioner that application be made to the Circuit Court of Appeals or the District Court to have the judgment of the District Court vacated, and if counsel was unsuccessful, that he make application to this Court for relief.

Petitioner thereupon promptly made application to the Honorable John C. Knox, Senior Judge of the United States District Court for the Southern District of New York, for an order vacating the judgment of the District Court on the ground that such vacation was necessary in order to preserve petitioner's right of appeal in the event the government, whose presence is necessary as an intervener, should fail to substantiate the charge that respondent in fraudulently suppressing evidence had interfered with the orderly and proper procedure of the administration of justice. The Government of the United States, represented by the Attorney-General's Office, appeared in said hearing before Judge Knox and stated:

"If the judgment should be vacated, the government could file application to intervene submitting its pleadings. The plaintiff could then respond to the pleading, then the matter could proceed as an orderly issue in litigation following the Rules of Civil Procedure and following the remedies available to all parties, the defendant or otherwise; and eventually following it right through to hearing and judgment as may be indicated by the facts disclosed.

It seems almost implicit in the decision of the Supreme Court that the duty has been placed upon the government to present the evidence" (pp. 22-23).

Judge Knox stated, "The question in my mind is as to whether this Court should follow the lead of the Supreme Court and the Court of Appeals and vacate this judgment" (p. 19) and "I should think that it might possibly be that this judgment could be vacated here and the hearing could be had as to whether or not fraud was practiced on the court, and if it were held that no such fraud existed, the judgment could be reinstated" (p. 20). He further stated that he did not believe that he was empowered to vacate the District Court judgment under the limited terms of the Circuit Court of Appeals mandate. He suggested that petitioner make application to that court for the issuance of specific instructions to the District Court to vacate the judgment. A transcript of the proceedings before Judge Knox is annexed hereto and marked "Exhibit E."

In accordance with the suggestion of Judge Knox, petitioner applied to the Circuit Court of Appeals for an order recalling its mandate and that it be amended by inserting a specific direction providing for the vacation of the judgment of the District Court, pending determination

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of the question raised by the Solicitor-General, or otherwise preserving petitioner's right of appeal, should the fraud charge be dismissed.

On February 18, 1947, the Circuit Court of Appeals denied petitioner's application in a memorandum opinion in which it stated that it was its interpretation of the mandate of the Supreme Court that the District Court judgment was to be vacated "only in case it finds that the prosecution did so constitute fraud." "A copy of the memorandum opinion of the Circuit Court of Appeals is attached hereto and marked "Exhibit F."

From the actions of the Circuit Court of Appeals it appears that it has erroneously interpreted the mandate of the Supreme Court as directing the remission of this case to the District Court for consideration of the fraud issue and directing that the judgment, which acts as a bar to petitioner's right of appeal, remain in full force unless and until the charge of fraud upon the Court is substantiated.

While petitioner concedes that the Circuit Court of Appeals had the discretionary right to remand the fraud issue to the District Court for consideration, it is respectfully submitted that this power should not have been exercised in a manner which would imperil or destroy petitioner's rights. We assume that it was the intention of the Supreme Court of the United States, in remanding the cause to the Circuit Court of Appeals for consideration of the question raised by the Solicitor-General of the United States in his memorandum as *amicus curiae*, "Whether respondent's prosecution of the instant case may not constitute a fraud upon the courts", that in the event the Circuit Court of Appeals in the use of its discretionary powers should remand the cause to the District Court for consideration of the question of fraud, it would in its mandate direct the District Court to vacate its judgment, thereby carrying out the intent of the Supreme

Court. There was no occasion for the Circuit Court of Appeals to resort to an interpretation that is contrary to the general intention expressed by the Supreme Court in its mandate.

V.

Prayer.

It is respectfully requested that this Court clarify or modify its order dated November 12, 1946, and its mandate dated December 20, 1946, either by

(a) Directing that in the granting of the petition for writ of certiorari the appeal to this Court has been allowed on the merits, but that the docketing of the case and filing of the record thereof with the Clerk of this Court is to be held in abeyance pending the determination of the question raised by the Solicitor-General, "Whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," or

(b) Directing that the jurisdiction of this Court be retained over the within cause pending the determination of the issue, "Whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," and that in the meantime consideration of the questions raised by the petitioner in his petition for a writ of certiorari be held in abeyance, or

(c) Directing that the term of this Court be extended to enable the petition for writ of certiorari on the merits, to be submitted after the remand of this Court has been completed, or

(d) Directing that if the questions of fraud as raised by the Solicitor-General have been properly remanded by the Circuit Court of Appeals to the District Court for

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consideration, then the judgment of the District Court shall be vacated and it is suggested that this Court so order.

Petitioner further prays that he be granted such other and further relief as to this Court may seem just and proper.

Respectfully submitted,

EDWARD D. BOLTON,
Counsel for Petitioner.

March, 1947.

"Exhibit A."

ORDER.

SUPREME COURT OF THE UNITED STATES
(Washington 13, D. C.)

November 12, 1946

"*Per Curiam*: The petition for writ of certiorari is granted. The judgment of the Circuit Court of Appeals is vacated and the cause is remanded to that Court for consideration of the question, raised by the Solicitor-General in his memorandum as *amicus curiae*, "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts' ".

"Exhibit B."

Mandate

UNITED STATES OF AMERICA ss:

THE PRESIDENT OF THE UNITED STATES OF AMERICA,

To the Honorable the Judges of the United States Circuit Court of Appeals for the Second Circuit.

GREETING:

Whereas, lately in the United States Circuit Court of Appeals for the Second Circuit, in a cause between James Marr, Doing Business as Marr Duplicator Company, Appellant, and A. B. Dick Company, Appellee, Docket #19939, wherein the judgment of the Circuit Court of Appeals entered in said cause on the 26th day of June, A. D., 1946, was in favor of said Appellee, A. B. Dick Company and against the said Appellant; as by the inspection of the transcript of record of the said United

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States Circuit Court of Appeals which was brought into the SUPREME COURT OF THE UNITED STATES by virtue of a writ of certiorari, agreeably to the Act of Congress in such case made and provided, fully and at large appears.

AND WHEREAS, in the present term of October, in the year of our Lord, one-thousand nine-hundred and forty-six, the said cause came on to be heard before the Said Supreme Court, on the said transcript of record, and was duly submitted.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said United States Circuit Court of Appeals in this cause be, and the same is hereby vacated, each party to pay his or its own costs in this Court.

AND IT IS FURTHER ORDERED, that this cause be, and the same is hereby remanded to said Circuit Court of Appeals for consideration of the question, raised by the Solicitor General of the United States in his memorandum as *amicus curiae* "whether respondents prosecution of the instant case may not constitute a fraud upon the courts."

November 12, 1946

You, therefore, are hereby commanded that such proceedings be had in said cause, in conformity with the judgment of this court, as according to right and justice, and the laws of the United States, ought to be had, the said writ of certiorari not withstanding.

WITNESS, the Honorable Fred M. Vinson, Chief Justice of the United States, the twentieth day of December in the year of our Lord, one thousand nine-hundred and forty-six.

(Signed) CHARLES ELMORE CROPLEY
Clerk of the Supreme Court
of the United States

"Exhibit C."

ORDER.

UNITED STATES CIRCUIT COURT OF APPEALS

SECOND CIRCUIT

At a Stated Term of the United States Circuit Court of Appeals, in and for the Second Circuit, held at the United States Courthouse, in the City of New York, on the 31st day of December, one thousand nine hundred and forty-six.

Present:

HON. LEARNED HAND,
HON. AUGUSTUS N. HAND,
HON. CHARLES E. CLARK,
Circuit Judges.

A. B. DICK COMPANY,
Plaintiff-Appellee,

v.

JAMES MARR, d/b/a MARR DUPLICATOR COMPANY,
Defendant-Appellant.

The above entitled case having been taken to the Supreme Court of the United States by writ of certiorari, and the mandate of said Court having been received vacating the judgment of this Court and remanding said

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ase "for consideration of the question, raised by the Solicitor General of the United States in his memorandum s *amicus curiae*, 'whether respondent's prosecution of the nstant case may not constitute a fraud upon the courts' ",

Upon consideration thereof, it is

Ordered that said mandate be filed and the decision of said Supreme Court of the United States be made the decision of this Court.

Further ordered that the former decision and judgment of this Court and the mandate issued thereunder be vacated and set aside.

Further ordered that the case be remanded to the District Court of the United States for the Southern District of New York for consideration of the question whether respondent's prosecution of the instant case may not constitute a fraud upon the courts.

Further ordered that a mandate issue accordingly.

(signed) ALEXANDER M. BELL,
Clerk.

"Seal"

"Exhibit D."

MANDATE—CIRCUIT COURT OF APPEALS, SECOND CIRCUIT.

UNITED STATES OF AMERICA, ss:

THE PRESIDENT OF THE UNITED STATES OF AMERICA

To the Honorable Judge of the District Court of the United States for the Southern District of New York

GREETING:

WHEREAS, lately in the District Court of the United States for the Southern District of New York, before you or some of you, in a cause between A. B. Dick Company and James Marr, d/b/a Marr Duplicator Company, was entered in the office of the clerk of said Court from which an appeal was duly taken, as by the inspection of the transcript of the record of the said Court, which was brought into the United States Circuit Court of Appeals for the Second Circuit, by virtue of an appeal, agreeably to the act of Congress, in such case made and provided fully and at large appears, and this Court having affirmed the decision of said District Court of the United States; and the said case having been taken to the Supreme Court of the United States by writ of certiorari; and the mandate of said Supreme Court of the United States having been filed vacating the judgment of this Court and remanding said case to this Court "for consideration of the question, raised by the Solicitor General of the United States in his memorandum as *amicus curiae*, 'whether respondent's prosecution of the instant case may not constitute a fraud upon the courts.'"

AND WHEREAS, in the present term of October, in the year of our Lord one thousand nine hundred and forty-six,

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the said cause came before the said United States Circuit Court of Appeals for the Second Circuit, on the said mandate of the Supreme Court of the United States:

On consideration whereof, It Is Hereby

Ordered, adjudged, and decreed

that the former decision and judgment of this Court and the mandate issued thereunder be vacated and set aside.

Further ordered that the case be remanded to the District Court of the United States for the Southern District of New York for consideration of the question whether respondent's prosecution of the instant case may not constitute a fraud upon the courts.

You, therefore, are hereby commanded that such further proceeding be had in said cause, in accordance with the decision of this Court as according to right and justice, and the laws of the United States, ought to be had, the said appeal notwithstanding.

Witness, the Honorable Fred M. Vinson, Chief Justice of the United States, the 31st day of December, in the year of our Lord one thousand nine hundred and forty-six.

(signed) Alexander M. Bell
Clerk, of the U. S. Circuit Court of
Appeals, for the Second Circuit.

"Exhibit E."

TRANSCRIPT OF THE PROCEEDINGS BEFORE HON. JOHN C. KNOX, DISTRICT JUDGE.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK.

A. B. DICK COMPANY, *Plaintiff*, vs. JAMES MARR, doing business as MARR DUPLICATOR COMPANY, *Defendant*.	E. 50-59

Before: HON. JOHN C. KNOX,
District Judge.

New York, January 31, 1947;
2.00 o'clock p.m.
(In Chambers)

APPEARANCES:

ROBERT W. BYERLY, ESQ., Attorney for Plaintiff; Robert W. Byerly, Esq., Bruce Bromley, Esq., and Ralph Watson, Esq., of Counsel.

EDWARD D. BOLTON, ESQ., and C. P. GOEPEL, ESQ., Attorneys for Defendant.

LESTER L. JAY, ESQ., WILLIAM P. LEWIS, ESQ., Anti-Trust Division, Department of Justice.

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The Court: Will you make a short statement of the situation as it now exists for the purpose of the record?

Mr. Bolton: On October 2nd—if I can refer to a little paper which I have I will be able to give those dates more accurately.

On October 2, 1943, a judgment was entered in the District Court for the Southern District of New York in favor of the plaintiff and against the defendant. The defendant appealed to the United States Circuit Court of Appeals from that judgment. The Circuit Court of Appeals affirmed the judgment. A petition was then filed for a rehearing and the petition for rehearing was denied.

The Circuit Court of Appeals decided the case on June 26, 1946. The argument was heard on December 10, 1945.

We then applied to the Supreme Court of the United States for a writ of certiorari. The petition and the record was filed, and while that matter was pending before the Supreme Court of the United States, the Solicitor General of the United States submitted a brief or memorandum *amicus curiae,* in which he brought before the Court and alleged—which he alleged in his memorandum that the A. B. Dick Company had perpetrated a fraud upon the Court in that it had purchased and suppressed evidence.

The United States Supreme Court granted the writ and referred the matter back to the District Court—to the Circuit Court of Appeals, that is, to take evidence upon the question as to whether a fraud had been perpetrated upon the courts.

The matter came before Judge Learned Hand, and counsel representing the various parties appeared. Judge Learned Hand ruled that he would refer—that is, the full bench, consisting of Judge Learned Hand, Judge Clark and Judge Augustus Hand, ruled that the matter would be referred to the District Court and that an order without notice would be entered.

Subsequent to that the mandate came down from the Supreme Court, and the Circuit Court of Appeals did enter an order, and in that order the Court directed that its judgment in accordance with the directions set forth in the mandate of the United States Supreme Court would be vacated and set aside, and that a mandate issue to this Court. In that mandate it was stated that the judgment of the Circuit Court of Appeals and its decision was vacated and set aside, and that the question as to whether a fraud had been perpetrated upon the courts or not was referred to this Court for consideration.

The mandate of the Circuit Court of Appeals failed to provide that the judgment entered in this court be vacated.

I think that is substantially the situation.

The Court: That is as I understood it from the statement which you made before me the other day at which time you and Mr. Jay were here. At that time I told you that I thought you had better get counsel for the other side and have them come up to see what course of procedure should be followed in regard to the mandate of the Circuit Court of Appeals.

Mr. Bolton: I came before your Honor due to the fact that I spoke to the clerk of the court, and the clerk of the court informed me that this being a unique and novel matter, that he thought that I ought to consult with you because he was not sure as to whether it should come up before the judge sitting in Special Term or should come before the Chief Justice of this court. He said that usually matters of this character were brought before the Chief Justice.

What I had in mind was mainly the question of having this matter referred to a certain judge, if possible, and fixing as early a date as possible, and also discussing the question whether this Court in view of the mandate of the Circuit Court of Appeals could vacate that judgment, and I think that is the purpose of our hearing today.

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The Court: That seems to me to be the point presently at issue, because under the mandate of the Court of Appeals, it appears to me that we have got to take testimony as to whether a fraud was committed upon the courts. The question in my mind is as to whether this Court should follow the lead of the Supreme Court and the Court of Appeals and vacate this judgment. I was desirous of hearing the attorneys for the plaintiff on that point.

Mr. Byerly: I have handled this litigation for A. B. Dick Company for a good many years, and I am frankly puzzled by this mandate of the Supreme Court which might be construed as an attack upon my personal integrity, and I felt that under those circumstances the only proper thing to do was for us to get other counsel in to handle this particular matter. I would appreciate it if your Honor would hear from Mr. Bromley on that.

Mr. Bromley: May it please your Honor, I should think that we ought to wait until the disposition of the criminal case, but if that is not agreed to or thought desirable by you, then it seems to me that——

The Court: You are referring to the indictment now pending out in Ohio?

Mr. Bromley: Yes, sir.

The Court: That would be very desirable, but I think that imposes some complications as far as you are concerned.

Mr. Bolton: That is true, sir.

There is one other point which I did not bring up, your Honor, and that is that I find we are in a position that we have got to do something with regard to having this judgment vacated in order to protect our rights of appeal. As it now stands, the judgment is still a judgment of the District Court. I was informed by the clerk of the United States Supreme Court that we either do one of two things: have the judgment of the District Court vacated or apply to that court for some sort of relief.

The Court: Apply to the Supreme Court?

Mr. Bolton: Apply to the Supreme Court, but the clerk said that he doubted very much whether the Supreme Court would grant relief unless we could show that we went through or proceeded through every avenue to have this judgment vacated.

The Court: Could it not be stayed?

Mr. Bolton: I do not think a stay would answer the question.

Your Honor, you see, the defendant in this case—I will put it this way: This is not a case where fraud has arisen between the actual parties. This question of fraud was brought in by the Government and not raised by the defendant.

The Court: I should think it might possibly be that this judgment could be vacated here and the hearing could be had as to whether or not fraud was practiced on the court, and if it were held that no such fraud existed, the judgment could be reinstated.

Mr. Bolton: That is true, sir. Then that would give us the opportunity, in the event the Court should hold that a fraud was not committed, then that would keep the time open for us to appeal from the new judgment when reinstated.

Mr. Bromley: I have this in my mind: to proceed to a hearing or a trial with testimony now. I should think that it would only be satisfactorily done if we had some paper to frame the issue.

I would like to call to your Honor's attention these facts which were not before the Supreme Court:

The charge in the Government's *amicus* brief, taken out of the indictment, to the effect that the plaintiff Dick in the infringement suit suppressed evidence and concealed material facts, was pleaded by this defendant in his answer in this suit. That is not a part of the Supreme Court record.

The Court: Was that issue tried in this case here?

Mr. Bromley: No, he did not pursue it, but it was pleaded, and the issue was tendered, in almost the precise form in which it appears in the indictment as quoted from in the Government's *amicus* brief.

I am not adverting to that in an attempt to argue the merits, but it does seem to me that that makes it appropriate for the application of Rule 60 (b), and that what ought to be done, if anything be done before the criminal trial, is that the defendant ought to make a motion under that rule to set the judgment aside on papers that frame the issue on which we could have an opportunity to answer.

I believe that the true nature of this proceeding is nothing more than an application to set aside for newly discovered evidence. I think that is the most that can be said for it, because they knew enough about the facts to plead it as a defense and to plead it as a counterclaim.

True, they did not see fit to follow it up, but the issue was tendered, it is in the pleadings now, and it has been adjudicated under doctrines of *res adjudicata*, in spite of the fact that they did not litigate it actively, and therefore I should think they ought to pursue an orderly method under Rule 60 (b) and file a motion.

The Court: I think that it is the desire of counsel for the defendant to find some feasible means of going forward and getting the thing determined, and at the same time protect their rights in seeking relief, if they see fit to do so, on the judgment as it now stands on the dockets.

Mr. Bromley: The Circuit Court of Appeals has held that six months' limitation in Rule 60 (b) does not apply to this situation, and that they can make this motion in spite of the fact that more than six months has elapsed.

Woodward v. *United States* decided that, I think, squarely in 142 Fed. (2d), and I should think what ought to be done is to have that motion made.

The Court: I should think there ought to be formal papers before the Court on which a record can be made.

Mr. Bromley: I should, too, sir, and of course under the rule they could bring an independent action to set aside the judgment for fraud. I do not much care what form it takes, but I submit that it ought to take one form or the other, and it seems to me that in view of the state of the pleadings there ought to be a motion.

Mr. Jay: May the Government be heard on that?

Mr. Goepel: I would like to be heard first.

Mr. Jay: The Government is in accord, and I believe your Honor is familiar with it, with the proposition pointed out by Mr. Bromley, that we should have some pleading here which would define the particular matter which is to be taken up eventually by the Court, both for the purpose of clarifying the particular issues involved, and also for the purpose of assisting the Court in the conduct of the hearing.

The suggestion of Mr. Bromley that the defendant proceed in this matter raises the difficulty that the particular issue that has been created here or recognized at least and sent to us by the Supreme Court of the United States was an issue arising from the action of the Solicitor General. It would seem, therefore, on that one point at least, that it should be for the Solicitor General to, or, at least, for the United States to frame the particular issue and present this pleading, or however we may denominate it, which will clarify and define that issue.

There is also the point which might be made that, from what I understand, the defendants are unacquainted with the facts upon which these charges are based, and whereas the Government presumably is by virtue of the indictment and by virtue of its position insofar as investigation is concerned and so forth.

Our suggestion is that the Government—that is, if the judgment here should be vacated—the Government could file application to intervene submitting its pleading. The

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plaintiff could then respond to that pleading. Then the matter could thereafter proceed as an ordinary issue in a litigation, following the Rules of Civil Procedure and following the remedies available to all parties, the defendants or otherwise; and eventually following it right through to hearing and judgment as may be indicated by the facts disclosed. We could then follow an orderly procedure.

It seems almost implicit in the decision of the Supreme Court that the duty has been placed upon the Government to present this evidence, and then the problem of getting the Government into the case would be disposed of, and Mr. Bromley's problem of having the issue framed would be disposed of, and the Court's problem of having a procedure to follow in order to properly investigate this particular question with full regard to due process for all parties would also be resolved.

Mr. Goepel: May I suggest this; As far as the defendant is concerned, in this case the defendant is merely the vehicle in which this new proceeding developed, so that this new proceeding is really a special proceeding in which the Government has the laboring oar and the defendant in a sense sits on the sidelines, excepting always to safeguard its interests.

The point, as I see it, is not the point that Mr. Bromley just indicated, but the point is that the administration of justice is being inquired into, whether there has or has not been some interference with the proper procedure of administration of justice, and there, I submit, that this Court has full power to initiate a special proceeding in which this question is to be proven and decided.

I think that is in direct line with the statement in the *Universal Oil* case where it says that the inherent power of the Federal Court to investigate whether a judgment was obtained by fraud is beyond question.

The Court: I have just gone through the same procedure in the *Fox Theatres* case, where I opened up these

reorganizations that were conducted before Judge Manton ten years ago, and settled one of the claims this morning for $250,000.

I have no doubt about the power of a court in equity to do that. In that case, after preliminary representations were made to me, the trustees holding the property came in and started this proceeding in that old litigation that is still going on now.

Is there any objection to what has been suggested by Mr. Jay?

Mr. Bromley: Well, as I remember it, Judge Hand said the other day that he did not know that the time had yet come when the Department of Justice was the keeper of the morals of all of us. The mandate does not say anything about the Government of the United States coming into this litigation.

The Court: If it was to come in, there is no reason why it should not make the effort to come in.

Mr. Bromley: That is right, I quite agree.

The Court: And if the defendant wants to join in the application or to make a separate application for that purpose, that is well and good. In either event there will be a pleading to which a response could be made and an issue formed or framed. Then the matter can be heard, and the judge who hears it, if he sees fit, can, as I suggested at the outset, open the judgment and hold it in *status quo*, or hold the plaintiff in *status quo*, pending a hearing upon the applications that are going to be tendered by the Government or by the defendant.

If the allegations are not sustained, he can reinstate the judgment, but I should think—I do not want to foreclose the action of any person who may hear the case—but that would be the line of thought that would occur to me.

Mr. Bolton: To whom would such an application be made, your Honor?

The Court: Down at Special Term.

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Mr. Bolton: Before whatever judge may be sitting in Special Term?

The Court: Yes.

Mr. Bolton: I am just asking these questions in order to get the matter straight.

The Court: That is quite all right.

Mr. Bolton: And such application as you indicate should be made by the Government?

The Court: The Government has the right to seek to come in and to show its right to intervene.

If you want to join with him in any of its allegations or if you want to ask that the judgment be opened or vacated pending a hearing, you may do that, and then the plaintiff may respond to your respective allegations and the Court can take such action as it thinks advisable.

Mr. Bolton: There is only one point that I would like to straighten out, and that is a remark made by Mr. Bromley.

While it is true that the defendant in its answer did set up the defenses of fraud and anti-trust, which were both based upon information and belief, this case was not tried upon the pleadings. This case was tried upon a special stipulation that was entered into wherein the defendant admitted that the particular stencil, which was the stencil referred to in the complaint, was an infringing stencil, but then we went before Judge Paterson on another type of stencil, and the pleadings in the hearing before Judge Paterson were not referred to. The whole hearing was based upon a stipulation.

The Court: I cannot pass on that because I am not at all familiar with it, but I think that is the best procedure for you to follow.

Mr. Bromley: Very well, sir.

Mr. Jay: There is a certain amount of doubt in my mind, your Honor, on the question of vacating the judgment. I take no stand on that, but I feel it my duty to call it to your Honor's attention. The Supreme Court in

its direction specifically directed the vacating of the judgment of the Circuit Court of Appeals. It also directed the Circuit Court of Appeals to inquire into the particular issues which the Court has referred to the District Court.

The thought that bothers me is whether or not implicit in the direction from the Supreme Court was that any judgment which might interfere with any rights of the parties should not be removed—any judgment that might be an impediment to any future proceedings——

The Court: I should think that if the Court of Appeals made a direction to vacate the judgment, it would be perfectly agreeable to me. If they will give us the instructions, well and good, but nevertheless, as I stated to you the other day, for the time being you have a judgment that is presumably good. It must be good until the proof of your allegations shows that it was obtained by fraud.

I do not want to prejudice the rights of any other parties.

It might be a wise thing for you to go back to the Court of Appeals and ask them specifically for instructions to this Court to vacate the judgment.

Mr. Jay: In clarification of my statement, your Honor, we take no position as advocate, at least, with respect to this particular judgment and the question of its vacating or not vacating.

The Court: But under the mandate, as I recall its terms the other day, I do not feel justified in vacating the judgment; otherwise they would have directed me to do so.

Mr. Bromley: I think that is quite clear.

The Court: If you want to go back and ask them for specific directions that that be done, it is entirely agreeable to me.

Mr. Bolton: I think that is what I will do, sir.

The Court: All right.

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"Exhibit F."

MEMORANDUM OPINION OF CIRCUIT COURT OF APPEALS, SECOND CIRCUIT.

UNITED STATES CIRCUIT COURT OF APPEALS

FOR THE SECOND CIRCUIT.

A. B. DICK COMPANY,
Appellee,

v.

JAMES MARR,
Appellant.

Before: L. HAND, AUGUSTUS N. HAND and CLARK,
Circuit Judges.

Per Curiam: Our understanding of the opinion of the Supreme Court is that the District Court before vacating the judgment appealed from shall consider any evidence presented to it upon the issue whether "the prosecution of the instant case" did not in fact "constitute a fraud upon" itself and this court; and, only in case it finds that the prosecution did so constitute a fraud, is it to vacate the judgment, and take such further action as may be proper.

L. H.
A. N. H.
C. E. C.

Dated February 18, 1947
Filed February 18, 1947

Certificate.

The undersigned counsel for petitioner certifies that the within motion for clarification or modification of the order and mandate of this Court is filed in good faith and not for delay.

EDWARD D. BOLTON,
Of Counsel for Petitioner.